

# Choose the cellular services and pricing that fit your needs be:

See 172

No two cellular users are alike.

Which is why we offer a choice of cellular service plans. The biggest difference between them is the amount of airtime (phone usage time) they include.

If you plan to use your phone a lot, you'll save money by selecting a plan that includes more airtime. You can use the table below to estimate it. Keep in mind that if your needs or usage change, you can always switch to another plan.

If you think you'll use your cellular phone about this many minutes per day:	—you'll save about this many minutes per month
5	500
10	1000
15	1500
20	2000
25	2500
30	3000
40	4000
60	6000
80	8000

\*For business weekdays, based on an average of 22 business days per month. Also see information to choose the service plan that fits your needs best.

Once you've selected a plan based on your anticipated airtime, you may want to add optional cellular services to those that are part of the plan. These services are listed on the back of this brochure.

For people who plan to make daily use of their cellular phone, includes 300 minutes of local airtime (about 15 minutes per business day). Requires an annual contract.

Monthly Package Price: \$72.95

Airtime	Included	Excluded
0-300 minutes	included	included
301-700 minutes	41¢	24¢
701 minutes and up	34¢	24¢

Note: Includes Message Center. LSCC

For people who plan to make occasional use of their cellular phone, includes 150 minutes of local airtime (about 8 minutes per business day). Requires an annual contract.

Monthly Package Price: \$39.95

Airtime	Included	Excluded
0-150 minutes	included	included
151-200 minutes	46¢	25¢
201-400 minutes	42¢	25¢
401-600 minutes	40¢	25¢
601-1000 minutes	39¢	25¢
1001 minutes and up	36¢	25¢

Note: Includes Message Center. LSCC

For people who want the convenience of a plan with basic airtime included in the monthly access charge, includes 60 minutes of local airtime. Requires an annual contract.

Monthly Package Price: \$49.95

Airtime	Included	Excluded
0-60 minutes	included	included
61-400 minutes	59¢	25¢
401 minutes and up	49¢	25¢

Note: Includes Message Center. LSCC

For people who plan to make occasional use of their cellular phone and prefer a lower monthly price, requires an annual contract.

Monthly Package Price: \$29.95

Airtime	Included	Excluded
0-100 minutes	59¢	25¢
101-200 minutes	59¢	25¢
201-400 minutes	59¢	25¢
401-600 minutes	49¢	25¢
601-1000 minutes	49¢	25¢
1001 minutes and up	44¢	25¢

Note: Includes Message Center. LSCC

For limited use cellular who want a cellular phone primarily for security, includes 100 minutes emergency roadside service at no additional charge.\* Requires an annual contract.

Monthly Package Price: \$69.95

Airtime per minute: 75¢, Peak and 85¢ Peak. Includes local forwarding, Call Waiting, Call Forwarding and 100 minutes of airtime.

\*The roadside service is not available when driving within 100 miles of the service area.

There is a one time charge of \$40 to establish service with any of these plans. There is a \$15 service charge to voluntarily suspend service. Monthly package price is billed in advance, and will not be refunded for termination of service prior to the end of your billing cycle. All prices subject to change without notice.



## **NATIONAL CELLULAR RESELLERS ASSOCIATION**

### **A Call for Continued State Oversight of the Cellular Communications Industry**

The cellular communications industry is a burgeoning business. There are 11 million users of cellular services today and industry revenues are well over the \$7 billion mark. The number of users is anticipated to reach 40 million by the year 2000.

There are few players in the industry today: cellular carriers and cellular resellers. Resellers purchase services from the carrier at wholesale prices and resell them at retail prices to consumers. They offer the only choice in service and fees in an otherwise uncompetitive market.

The existing structure grants states the right to regulate local cellular communication service. States have the resources and expertise to most effectively carry out this oversight mechanism.

Legislation currently being debated in Congress would take away all state oversight and transfer it to the Federal Communications Commission. State utility commissions, resellers, and consumer groups across the country strongly oppose this legislation. State regulation is the only viable option to ensure that mobile phone users receive the best possible service at the most reasonable price.

### **An Uncompetitive Industry**

■ The existing industry is inherently uncompetitive. When the industry was first developing, the FCC designated only two carriers per each geographic region, creating a duopoly structure. Such a structure is well known to be uncompetitive and prone to price inflation.

■ A recent report by the General Accounting Office concluded that a duopoly market is "unlikely to have a competitively set price that is at or near the cost of production." A study by the FCC reached a similar conclusion, and both the Federal Trade Commission and the Justice Department have expressed concern about the competitive state of the cellular industry.

- Cellular resellers offer the only competition to the major carriers. In addition, as more states pass legislation to "unbundle" cellular services, resellers will be able to provide the consumer with even more services. Unbundling would allow resellers to purchase basic service elements such as telephone switches, telephone numbers and local call delivery, and offer them to the consumer at a lower rate.

### **State Regulation Provides the Most Effective Oversight**

- State regulators currently offer the consumer the only protection against the unfair pricing practices of the major carriers. Where there is an active oversight mechanism in place, state regulation has proven to be very effective in keeping costs down. For example, in Delaware, where there is no state regulation, a five minute local call from a regular telephone costs about 4 cents; the same call can cost up to \$3 from a mobile phone.
- Contrary to claims by the major carriers, state regulation has not prevented large cellular companies from making a big profit, nor has it impeded the large companies from pursuing opportunities to enter other new communications technologies.
- State regulators have existing capabilities to monitor the rates charged by the big cellular carriers. The states more actively engaged in regulation require from the carriers detailed information about their operations. They are already familiar with the system of setting tariff rates.
- In states where active oversight exists, the consumers are more likely to benefit. Public utilities tend to regulate on behalf of the consumer, and not for profit making purposes. The consumer wants a local authority to regulate their gas, electric and other utilities. That goes for phone service, too.

■ Some large carriers falsely claim that state regulation drives up the price of mobile phone service -- but the facts show otherwise. Below we list thirteen cities, three of which -- New York, Los Angeles and San Francisco -- are in states which regulate mobile phone service. The three cities with regulated markets show a drop in rates by as much as 13%! In the ten cities in states which do not regulate, the percent change in rates over the past five years was as high as 30%. The information incorporates the five categories listed below, and pertains only to non-wireline carriers.

% Change in rates over past 5 years

Detroit	30
Pittsburgh	29
Tampa	20
D.C.	16
Miami	15
Chicago	10
*New York	6
Denver	5
Dallas	2
Minneapolis	1
Seattle	0
*Los Angeles	0
**San Francisco	(13)

Percentage of rate change is based on the average of five categories of service:

30 min	20% Peak/ 80% off Peak
60 min	80% Peak/ 20% off Peak
120 min	" "
180 min	" "
360 min	" "

\*\* reflects recent tariff filings (SF)

## **Back Door DeRegulation**

- In the mid-1970's, AT&T projected there would be only 100,000 cellular users by 1990. Not so. There were 5 million users in 1990 and today there are over 11 million. This number is projected to reach 40 million users by the year 2000. The industry's revenues are increasing, too. By 1991, revenues reached over \$5.7 billion.
- Now is not the time to deregulate the burgeoning cellular phone industry. A Congressional Budget Office analysis reported that an estimated \$8.7 billion had been invested in the cellular industry in 1991, and that the rate of return on capital investment would be between 40% and 100%. Back door deregulation would leave the consumer unprotected and would allow cellular carriers to earn monopoly profits. The NCRA estimates that consumers could overpay by as much as \$23 billion during the next ten years due to excessive cellular phone rates.

## **Federal Oversight would be Ineffective**

- Federal regulation would not meet the needs of the consumer. The FCC is not sufficiently staffed or funded to handle existing operations. In fact, Congress has authorized an additional \$28 million of funding for the FCC, although it is not yet clear if or when the full amount will be appropriated. In addition, the FCC does not keep track of wholesale and retail rate levels set by the carriers, nor do they have cost and user fee records.
- History is the best teacher. When considering deregulation, Congress should recall the 1984 law which exempted the giant cable companies from municipal regulation. Consumers now face even higher prices, and the cable companies are reaping exorbitant profits.

## **Regulatory Tangle**

- States already regulate intrastate wireline service, why not cellular service? Giving the federal government jurisdiction over one type of phone service but not another would be a regulatory nightmare. The FCC has never exercised any authority over intrastate telephone rates, and there is no reason to believe that the FCC would exercise such authority now. Both regular and cellular intrastate phone service should be subject to state oversight.
- Interestingly, cellular carriers argue that, except for the resale of interstate long distance services, cellular service is essentially local in nature, and thus subject to state, not federal regulation.

## **The Third Carrier Argument**

- Claims that the introduction of a third carrier, or new technology such as personal communications services to the marketplace will guarantee greater competition are thinly supported. The big carriers use this argument to oppose the need for state oversight. In fact, it would be a mistake to remove state oversight with the addition of a third carrier -- adding a new carrier will not guarantee instant competition. It would be some time before the market adjusts. As for the new technologies argument -- it will be 18 months or longer before these services are even available to the consumer.
  
- In addition, if the FCC allows carriers to obtain additional parts of the radio spectrum for new personal communications services in the same market, the GAO report determined that the existing market structure could be perpetuated. This would mean that if legislation currently before Congress passes, there would be no state regulation, and no competition.
  
- The large carriers claim that state regulation impedes the introduction of new mobile phone service. There is just no basis for this argument. The FCC has inherent authority to preempt any state regulation that would frustrate federal regulatory goals, including the establishment of nationwide mobile communications services.